

VZCZCXRO6273
PP RUEHFL RUEHNP
DE RUEHRO #1908/01 1811457
ZNR UUUUU ZZH
P 301457Z JUN 06
FM AMEMBASSY ROME
TO RUEHC/SECSTATE WASHDC PRIORITY 5236
INFO RUCPDOG/USDOC WASHDC PRIORITY
RUCNMEU/EU INTEREST COLLECTIVE
RUEHMIL/AMCONSUL MILAN 7316
RUEHNP/AMCONSUL NAPLES 1612
RUEHFL/AMCONSUL FLORENCE 1542
RUEAHLG/DEPT OF HOMELAND SECURITY WASHINGTON DC
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SUBJECT: Top GOI Official - IPR Protection Is Priority for the GOI

Refs: A) Rome 1858 B) 05 Rome 4046

SUMMARY

1. Special Representative for Commercial and Business Affairs Frank Mermoud met June 21 with Mauro Masi, Chief of Staff to Deputy Prime Minister Massimo D'Alema (D'Alema is also Italy's Foreign Minister) to discuss bilateral collaboration on IPR protection. Masi said that IPR protection is a GOI priority but underscored that the GOI must coordinate better internally to combat piracy effectively. Masi expressed interest in collaborating with the USG. He also indicated that the GOI will to pursue IPR protection issues within the WTO and WIPO. SR Mermoud and Masi agreed that IPR protection is a cultural, as well as an economic, issue. Masi agreed in principle that Italy's participation in the Megaports initiative would facilitate customs controls and thus make it harder to introduce counterfeit products in Italy. End Summary.

GOI Committed to IPR Protection.

2. In his meeting with Masi June 21, SR Mermoud outlined the role of his office and explained that the USG puts a heavy premium on adequate IPR protection when discussing international business and commercial affairs. Mermoud underscored that Italy and the United States had come a long way in their collaboration on IPR protection over the years, and noted that Italy has good laws on the books. He also noted that piracy and counterfeiting levels are nevertheless still very high in Italy, with negative impacts on Italy's image and its legal economy, and that enforcement needs to be more effective. Mermoud offered the USG's collaboration to help combat piracy in Italy and suggested that Italy's implementation of Megaports would also have the effect of facilitating customs controls on counterfeit products.

3. Masi indicated the GOI is aware that piracy and counterfeiting are a serious problem and said that combating IPR crimes is a priority for this government. He estimated that piracy and counterfeiting cost Italy's legal economy approximately three

billion Euros per year (Note: Other GOI sources have estimated losses to the legal economy in the range of five billion Euros). Masi agreed that Italy and the U.S. had worked well together and expressed interest and agreed to expand collaboration. In particular, Masi expressed interest in learning more about how the U.S. tackles Internet-based piracy. (Note: Embassy plans to follow up on this request.) Masi also said that Italy would like to collaborate with the United States in promoting IPR within international fora, such as the WTO and WIPO.

NEEDED: BETTER COORDINATION, MORE PUBLIC EDUCATION

¶4. Masi bemoaned Italy's lack of coordination in its anti-piracy activities: copyright protection is split between the Prime Minister's office and the Ministry of Culture (Note: Minister of Culture Francesco Rutelli is also a Deputy Prime Minister). Most trademark issues fall under the Economic Development Ministry (the former Productive Activities Ministry) and the Anti-counterfeiting High Commissioner. (Note: the High Commissioner is a relatively new office, less than one year old. The top post is currently vacant, but Masi expected this to be filled promptly. Embassy is exploring collaboration opportunities with the Deputy High Commissioner's office.) Masi also noted that enforcement agencies such as the financial police (Guardia di Finanza) and gendarmes (Carabinieri) could do even better by coordinating more closely.

¶5. Masi and Mermoud agreed that adequate protection of IPR is not just an economic problem; it's also a cultural problem. Masi said the GOI needs to educate the Italian public that intellectual property piracy is not a petty offense. It is important for the public to realize that piracy is in the hands of organized crime and

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that it seriously damages the legal economy, Masi said. He underlined that cooperation with the U.S. is important and welcome in this effort.

¶6. (SBU) Mermoud also broached the Megaports issue with Masi and highlighted that the improvement in container security which the Megaports program provided would also increase the GOI's ability to identify incoming counterfeit products. Masi agreed in principle.

BACKGROUND ON MAURO MASI

7.(SBU) Mauro Masi has been a key Embassy "IPR" contact for over a decade. Though not always in agreement with USG positions, he has been forthcoming and willing to discuss the issue. Masi has held top civil service posts under both center-left and center-right governments. Under the Berlusconi government, he served as Deputy Secretary General, and subsequently as Secretary General, of the

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Prime Minister's office. Under Prodi, he now serves as Chief of Staff to Deputy Prime Minister Massimo D'Alema and also heads the Department for Public Communication within the Prime Minister's office. (Note: D'Alema is also Italy's Foreign Minister. Masi does not serve as his chief of staff at the MFA). Masi was also special commissioner of Italy's royalty collection society (SIAE) for an extended period, which is also responsible for combating copyright piracy.

COMMENT

8.(SBU) Embassy believes it is important to renew our advocacy efforts for better IPR protection with Italy's new center-left government leadership. We thus welcome top USG officials such as Special Representative Mermoud discussing IPR when visiting Italy. Embassy will also engage Italy's new leadership at all levels to raise awareness and continue its longstanding sensitization efforts (reftels). We are encouraged by Masi's statement that IPR protection

is high on the GOI agenda. Our contacts in industry have expressed concern that a center-left government might be less attentive. End Comment.

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